

**AMENDMENT TO H.R. 4**  
**OFFERED BY MR. WAXMAN**

Page 96, after line 17, insert the following new title and make the necessary conforming changes in the table of contents:

1   **TITLE IX—PRICE GOUGING AND**  
2       **BLACKOUT PREVENTION**

3   **SEC. 901. WHOLESALE ELECTRIC ENERGY RATES OF REGU-**  
4               **LATED ENTITIES IN THE WESTERN ENERGY**  
5               **MARKET.**

6       (a) DEFINITIONS.—In this section:

7           (1) COMMISSION.—The term “Commission”  
8       means the Federal Energy Regulatory Commission.

9           (2) COST-OF-SERVICE BASED RATE.—The term  
10       “cost-of-service based rate” means a rate, charge, or  
11       classification for the sale of electric energy that is  
12       equal to—

13           (A) all the reasonable variable costs for  
14       producing the electric energy;

15           (B) all the reasonable fixed costs for pro-  
16       ducing the electric energy;

17           (C) a reasonable risk premium or return  
18       on invested capital; and



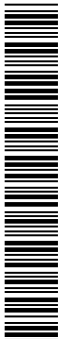
1 (D) all other reasonable costs associated  
2 with the production, acquisition, conservation,  
3 and transmission of electric power.

4 (3) PUBLIC UTILITY.—The term “public util-  
5 ity” has the meaning given the term in section 201  
6 of the Federal Power Act (16 U.S.C. 824).

7 (4) WESTERN ENERGY MARKET.—The term  
8 “western energy market” means the area within the  
9 United States that is covered by the Western Sys-  
10 tems Coordinating Council.

11 (b) IMPOSITION OF WHOLESALE ELECTRIC ENERGY  
12 RATES.—Not later than 30 days after the date of enact-  
13 ment of this Act, the Commission shall impose just and  
14 reasonable cost-of-service based rates on sales by public  
15 utilities of electric energy at wholesale in the western en-  
16 ergy market. The Commission shall not impose such rates  
17 under authority of this subsection on any facility gener-  
18 ating electric energy that did not generate electric energy  
19 at any time prior to January 1, 2001.

20 (c) AUTHORITY OF STATE REGULATORY AUTHORI-  
21 TIES.—This section does not diminish or have any other  
22 effect on the authority of a State regulatory authority (as  
23 defined in section 3 of the Federal Power Act (16 U.S.C.  
24 796)) to regulate rates and charges for the sale of electric  
25 energy to consumers, including the authority to determine



1 the manner in which wholesale rates shall be passed  
2 through to consumers (including the setting of tiered pricing,  
3 ing, real-time pricing, and baseline rates).

4 (d) REPEAL.—Effective on the date 18 months after  
5 the enactment of this Act, this section is repealed, and  
6 any cost-of-service based rate imposed under this section  
7 that is then in effect shall no longer be effective.

